

**Testimony to the Health and Human Services Appropriations
Subcommittee
February 5, 2009**

I am Gloria Gray, Director for Children & Families of Iowa. Our 120 year old private, nonprofit human services organization is dedicated to restoring hope, building futures and changing lives, for Iowa's children and families.

Thank you very much for the opportunity to meet with you today. I am here to talk about the DHS budget, and frankly to do a little begging that whatever budget cuts have to be made do not result in cuts in provider rates.

CFI is one of those nonprofit providers. The Department of Human Services purchases services, and outcomes, from CFI, and from many other nonprofit providers in Iowa. We all strive to provide high quality services that result in positive outcomes, and truly make a real difference in the lives of those we serve. And at the same time we all have a financial bottom line to meet- our revenue hopefully will cover expenses. That is tough enough when rates are not based on what it really costs to deliver good outcomes.

Family Centered Services are designed to help troubled families stay together. DHS has been purchasing that service from CFI and others for several decades. The latest evolution of this service began about 15 months ago, and is a whole new system with a very different pricing structure. CFI covers 4 service areas for DHS, including 35 counties in central, south, and southeast Iowa. And we have subcontractors, helping us work with families in all those counties.

We could probably fill a whole meeting for you explaining the ins and outs and whys of this new service array, and about how DHS and contractors are working very hard together to ensure quality services for the most vulnerable kids and families in our care. I serve on a partnership committee, and CFI's assistant director also services on a joint work group.

However, the rates that contractors are paid are not really sufficient, and all we are trying to do is cover costs. This does have a correlation with employee turnover, and can impact how effective we can be. In FY 06-07 we had a 15% turnover in staff doing family centered work, and for the 07-08 year that figure rose to 21%. The new array of services began in October 2007. Our Human Resources director reports the reasons given for leaving

were: taking another job, personal reasons, going back to school, when she really believed the underlying reasons were low pay, high stress jobs and long hours which impacts their personal and family time. We hear those comments from staff, in meetings, and in our job satisfaction surveying. All contractors we talk to report similar, and even higher, staff turnover rates.

The Chicago-based Child Welfare Institute conducts training consultation and research. In a January 2005 study on permanency, they found that worker changes equate to less permanency achieved for children- a very understandable conclusion. In specific findings, one consistent worker for families can achieve 74.5% permanency in cases. Just one worker change reduced the achieved permanency percentage to 17.5%. Replacing workers today is not easy. One might think that with the economy as it is, there would be plenty of candidates to choose from. The pool of qualified candidates is truly small. Former business world employees do not qualify, and a surprising number of applicants nowadays have criminal records.

Likewise, rate reductions for residential treatment and childcare providers would also be dismal. Residential providers work with very troubled youth who need residential treatment because of the extent of their emotional and behavioral problems, and find nowadays it is especially hard to cover increasing expenses. Child care for children of the working poor is also vital, and already at the bottom of the food chain, with rates based on 75% of market two years prior. Rate reductions would turn back the clock further on reimbursement when costs are present day.

Adequately funding for contractors is an important investment in permanency for children. That is the outcome we all want. So a budget reduction for DHS that would result in a reduction in rates for nonprofit providers of this new array of child welfare services will really lessen the outcomes we want and need. Also I fear that a rate cut would cause our subcontractors (who receive a slightly less rate payment than we do) to opt out of this partnership, making it harder to meet the need, especially in rural areas.

We truly understand the pressure you are under to balance the state budget in these very challenging economic times. At the same time, Barry Griswell said recently in the Des Moines Business Record that “nonprofits need your support now more than ever”. And a recent survey of Greater Des Moines Community Foundation of area nonprofit organizations found that the

majority are seeing an increase in need, have increased expenses, and increased funding challenges. I cannot imagine that would be different for any nonprofit provider in Iowa.

Information about Children & Families of Iowa:

Children & Families of Iowa has been helping Iowa's most vulnerable families since 1888, when a group of concerned citizens founded CFI to find safe, loving homes for Iowa's orphaned children. Today, CFI provides a broad range of programs and services to support the growth and well-being of children, adults and families including:

- Safe shelter, outreach for victims of domestic violence
- Foster Care and Adoption services for children and teens, including elevate- a special youth-driven program that inspires change, compassion and connection for foster and adoptive youth in Iowa
- Family centered services
- Residential treatment, tracking and monitoring, and substance abuse counseling for troubled teens
- Childcare services- a resource for the working poor
- Outpatient therapy and counseling
- Financial Management Services

CFI is nationally accredited, and governed by a voluntary Board of Directors. We have 280 employees, and offices in Des Moines, Ankeny, Fort Dodge, Osceola, and Centerville.

